

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 CIAE-00 PM-07 INR-10 L-03 NEA-11

NSAE-00 PA-04 RSC-01 PRS-01 SPC-03 USIA-15 TRSE-00

SAM-01 SAJ-01 FEA-02 EB-11 CIEP-02 SS-20 NSC-10 SCI-06

INT-08 COME-00 DRC-01 /143 W
----- 044279

R 011900Z FEB 74

FM USMISSION NATO

TO SECSTATE WASHDC 3856

INFO SECDEF WASHDC

OFFICE OF PREPAREDNESS GSA WASHDC

AMEMBASSY LONDON

USMISSION OECD PARIS

USMISSION EC BRUSSELS

USNMR SHAPE

C O N F I D E N T I A L USNATO 0537

C O R R E C T E D C O P Y ADD OECD PARIS AS INFO ADDRESSEE

E.O. 11652: GDS, 12/31/80

TAGS: MARR, US, NATO

SUBJECT: CEP: REHEARSAL AND REVIEW OF NATO CRISIS MANAGEMENT
PROCEDURES IN REGARD TO OIL, 31 JANUARY-1FEBRUARY 1974

R*F: A. MD(74)1

B. STATE 021279

STATE PLEASE PASS FEDERAL ENERGY OFFICE-ATTN: R. EBEL

SUMMARY: NATIONAL EXPERIENCE DURING CURRENT OIL CRISIS
FACILITATED DISUCSSIONS ON THE CRISIS MANAGEMENT ARRANGE-
MENTS REQUIRED AT NATO, EXPECIALLY DURING THE PERIOD OF
TRANSITION FROM OECD TO NATO MANAGEMENT. ORGANIZATIONAL
AND PROCEDURAL FACTORS HAVE BEEN IDENTIFIED FOR EVALUATION
BY THE PETROLEUM PLANNING COMMITTEE. END SUMMARY.
CONFIDENTIAL

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1. THE OBJECTIVE OF THE REHEARSAL WAS TO IDENTIFY AND
REFINE THE PROCEDURAL ARRANGEMENTS NEEDED TO COPE WITH AN
OIL CRISIS AT THE NATO LEVEL (REF A). THE SUGGESTED
OIL CRISIS WAS DESCRIBED UNDER TWO SITUATIONS: SITUATION

A INVOLVED A LOSS OF ONE-THIRD OF NORMAL OIL SUPPLIES TO NATO EUROPE FOR THE LAST 3 MONTHS, A TOTAL EMBARGO OF OIL TO NORTH AMERICA FROM NON-NATO SOURCE, AND A POLITICO-MILITARY CONFRONTATION BETWEEN NATO AND THE WARSAW PACT COUNTRIES. SITUATION B MIRRORED SITUATION A, EXCEPT THAT THERE WAS NO IMMINENT RISK OF A POLITICO-MILITARY CONFRONTATION.

2. THE PARTICIPANTS (SCEPC AND PPC NATIONAL REPS, OIL EXPERTS FROM CAPITALS, IS AND IMS) WERE DIVIDED INTO THREE GROUPS. GROUP I CONCENTRATED ON THE PROCEDURAL AND ORGANIZATIONAL ARRANGEMENTS REQUIRED AT THE NATO LEVEL; GROUP II CONCENTRATED ON THE INFORMATION REQUIREMENTS AT THE NATO LEVEL; AND GROUP III WAS CONCERNED WITH WHAT NATO COULD DO TO MAINTAIN AND, IF NECESSARY, ENHANCE THE DEFENSE CAPABILITY OF THE ALLIANCE BY RECOMMENDING TO MEMBER GOVERNMENTS WHATEVER ACTION THEY MIGHT TAKE INDIVIDUALLY OR COLLECTIVELY OR IN OTHER INTERNATIONAL FORA IN REGARD TO OIL.

3. ALL THREE GROUPS FOUND THAT THE NATO RESPONSE WOULD DIFFER SUBSTANTIALLY, DEPENDING ON WHETHER THE OECD AND THE EEC WERE OPERATING EFFECTIVELY. IF THE OECD MACHINERY WAS OPERATING EFFECTIVELY, THERE WOULD BE LITTLE REQUIRED OF NATO OTHER THAN KEEPING ABREAST OF DEVELOPMENTS. IF NOT, NATO WOULD THEN BE REQUIRED TO TAKE SPECIFIC ACTIONS TO BRING ABOUT A SMOOTH TRANSITION FROM OECD MANAGEMENT OF THE CRISIS TO NATO MANAGEMENT.

4. IF NATO HAD TO ASSUME CRISIS MANAGEMENT RESPONSIBILITY, MAJOR POLITICAL CONSIDERATIONS WOULD EMERGE, IN THAT NATO WOULD ALSO HAVE TO ASSUME CERTAIN RESPONSIBILITIES TOWARDS NON-NATO MEMBERS. MOREOVER, THE FACT THAT THE OIL PRODUCING COUNTRIES ARE PROGRESSIVELY ASSUMING OWNERSHIP OF CRUDE OIL PRODUCTION REDUCES THE DEGREE OF CONTROL NATO COUNTRIES ARE ABLE TO ASSERT OVER THEIR OIL SUPPLIES. GROUP I RECOMMENDED THAT THE SENIOR COMMITTEE AND THE PPC SHOULD, CONFIDENTIAL

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TOGETHER WITH REPRESENTATIVES FROM THE OIL INDUSTRY, STUDY THESE POLITICAL CONSIDERATIONS AND OIL OWNERSHIP IMPLICATIONS FURTHER.

5. GROUP II FOUND THAT INFORMATION ON STOCKS PRESENTLY BEING GATHERED BY THE OECD AND NATO ESSENTIALLY WAS ADEQUATE, BUT THAT THE FORM OF PRESENTATION MIGHT BE REVIEWED, TO INSURE THE HIGHEST DEGREE OF RESPONSIVENESS. THE CURRENT OECD QUESTIONNAIRE AND THE NATO SLATES 1 (CRUDE OIL) AND 2 (PRODUCTS) GENERALLY ARE COMPATIBLE, AND THE SUBSTITUTION OF THE SLATES FOR THE QUESTIONNAIRE, SHOULD CRISIS MANAGEMENT EVOLVE FROM THE OECD TO NATO, SHOULD BE TROUBLE-FREE. YET GROUP II ALSO POINTED OUT THAT THE OECD WOULD BE UTILIZING ITS INTERNATIONAL INDUSTRY ADVISORY BODY (IIAB)

TO GATHER INFORMATION ON THE NON-NATO AREAS, AND NATO WOULD HAVE TO HAVE IN PLACE ITS OWN MEANS FOR THE GATHERING OF SUCH INFORMATION. IN ADDITION, NATO WOULD HAVE TO BRING IN A STAFF OF EXPERTS TO COLLATE AND EVALUATE THE INFORMATION DERIVED FROM RESPONSES TO SLATE 1 AND 2.

6. GROUP III, IN REVIEWING WHAT INDIVIDUAL OR COLLECTIVE ACTIONS THE MEMBER GOVERNMENTS MIGHT TAKE, PUT FORWARD A SERIES OF RECOMMENDATIONS, INCLUDING: A) THAT THERE SHOULD BE FULL COORDINATION, TO THE EXTENT POSSIBLE, OF MEASURES TAKEN TO CONTROL DOMESTIC CONSUMPTION; B) THAT MEASURES FOR CONTROLLING BUNKERING MUST BE CO-ORDINATED; C) THAT COLLECTIVE MEASURES BE TAKEN TO INSURE THAT MILITARY OIL SUPPLY CONTRACTS ARE FULFILLED; AND D) IDENTIFICATION OF POSSIBLE ESSENTIAL CIVIL REQUIREMENTS FOR SUPPORT OF THE DEFENSE CAPACITY IN IN THE CONTEXT OF ALLOCATING OIL SUPPLIES TO THE CIVIL SECTOR.

7. A FULL RECORD OF THE MEETING WAS TAKEN AND WILL BE PUBLISHED IN THE AC/98 SERIES, TOGETHER WITH THE THREE WORKING GROUP REPORTS (BEING POUCHED), AND WILL BE TAKEN UP AT THE NEXT SCEPC POLICY

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Message Attributes

Automatic Decaptioning: X
Capture Date: 11 JUN 1999
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 01 FEB 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974USNATO00537
Document Source: ADS
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: 11652 GDS, 12/31/80
Errors: n/a
Film Number: n/a
From: USNATO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740270/dckcsaaz.tel
Line Count: 130
Locator: TEXT ON-LINE
Office: n/a
Original Classification: UP
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: UP; CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: A. MD(74) 1, B. 1974 STATE 021279
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 19 JUL 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <19-Jul-2001 by willialc>; APPROVED <31 MAY 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> jms 19990813; <DBA CORRECTED> jms 19990818
Subject: CEP: REHEARSAL AND REVIEW OF NATO CRISIS MANAGEMENT PROCEDURES IN REGARD TO OIL, 31 JANUARY-1FEBRUARY 1974
TAGS: MARR, US, NATO
To: STATE INFO SECDEF
OFFICE OF PREPAREDNESS GSA
LONDON
OECD PARIS
EC BRUSSELS
USNMR SHAPE

Type: TE

Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005